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Message Text

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ORIGIN EB-08

INFO OCT-01 AF-10 ARA-06 EUR-12 EA-07 NEA-10 ISO-00
NSC-05 SS-15 FEA-01 INT-05 L-03 FRB-03 OMB-01
ITC-01 SP-02 AGRE-00 AID-05 CIAE-00 COME-00
INR-07 IO-13 LAB-04 NSAE-00 OIC-02 SIL-01 STR-04
TRSE-00 CEA-01 DODE-00 NSCE-00 SSO-00 USIE-00
INRE-00 /127 R

DRAFTED BY EB/ICD:EAWENDT:MBL
APPROVED BY EB:PBOEKER
EUR/RPE:PHMCLEAN
NEA:RPRICKETT - ARA/ECP:SROGERS
TREASURY:HJUNZ
AF/EPS:RBDUNCAN - NEA/ARN:DREUTHER
EA/EP:AGEBER
NSC:RHORMATS - S/S:RPERITO
EB/ORF:SWBOSWORTH
E:RCOOPER(SUBSTANCE)
----------220256Z 057211 /73
O 220047Z APR 77
FM SECSTATE WASHDC
TO AMEMBASSY ALGIERS IMMEDIATE
AMEMBASSY BUENOS AIRES IMMEDIATE
AMEMBASSY BRASILIA IMMEDIATE
AMEMBASSY YAOUNDE IMMEDIATE
AMEMBASSY CAIRO IMMEDIATE
AMEMBASSY NEW DELHI IMMEDIATE
AMEMBASSY JAKARTA IMMEDIATE
USINT BAGHDAD IMMEDIATE
AMEMBASSY TEHRAN IMMEDIATE
AMEMBASSY KINGSTON IMMEDIATE
AMEMBASSY MEXICO IMMEDIATE
AMEMBASSY LAGOS IMMEDIATE
AMEMBASSY LIMA IMMEDIATE
AMEMBASSY JIDDA IMMEDIATE
AMEMBASSY CARACAS IMMEDIATE
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AMEMBASSY KINSHASA IMMEDIATE
AMEMBASSY LUSAKA IMMEDIATE
AMEMBASSY BELGRADE IMMEDIATE
AMEMBASSY MANILA IMMEDIATE
AMEMBASSY KUALA LUMPUR IMMEDIATE
AMEMBASSY BANGKOK IMMEDIATE
AMEMBASSY COLOMBO IMMEDIATE
AMEMBASSY DACCA IMMEDIATE
AMEMBASSY SANTIAGO IMMEDIATE
AMEMBASSY NAIROBI IMMEDIATE

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AMEMBASSY ISLAMABAD PRIORITY

C O N F I D E N T I A L STATE 090658

MANILA PLEASE PASS HEGINBOTHAM

E.O. 11652: GDS

TAGS: ETRD, CIEC, EGEN

SUBJECT: U.S. VIEWS ON CIEC

REF: STATE 090659

FOR THE AMBASSADOR

1. THE AMBASSADOR AT ALL ADDRESSEE POSTS IS REQUESTED TO SEEK AN APPOINTMENT AS SOON AS POSSIBLE AT THE HIGHEST APPROPRIATE LEVEL OF THE HOST GOVERNMENT TO OUTLINE US VIEWS ON HOW A SUCCESSFUL OUTCOME TO THE FORTHCOMING CONFERENCE ON INTERNATIONAL ECONOMIC COOPERATION (CIEC) CAN BEST BE ACHIEVED. WE HAVE PROVIDED BELOW THE TALKING POINTS TO BE USED IN THIS PRESENTATION, WHICH SHOULD BE MADE ORALLY. IF THE AMBASSADOR JUDGES IT NECESSARY TO AVOID MISUNDERSTANDINGS, THE POINTS CONTAINED IN PARA 4 BELOW MAY BE PRESENTED VERBATIM TO THE HOST GOVERNMENT AS CONFIDENTIAL

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A NON-PAPER AND AID IN DISCUSSION.

A SEPARATE MESSAGE--SENT FOR ACTION OR INFO TO ABOVE ADDRESSEES--CONTAINS ADDITIONAL TALKING POINTS ON TRANSFER OF RESOURCES AND INDIVIDUAL COMMODITIES.

2. WHERE APPROPRIATE (MANILA, KUALA LUMPUR, BANGKOK, LA PAZ, COLOMBO, AND DACCA), POSTS SHOULD NOTE THAT ALTHOUGH THE HOST GOVERNMENT IS NOT A MEMBER OF CIEC, THE US URGES THAT IT USE ITS INFLUENCE WITH MEMBERS OF THE G-19 TO PROMOTE GREATER UNDERSTANDING AND SUPPORT FOR OUR POSITION. ARA ADDRESSEE POSTS SHOULD ALSO CITE PRESIDENT CARTER'S RECENT OAS SPEECH AND NOTE THAT PRESENTATION OF OUR VIEWS ON CIEC IS AN EXAMPLE OF PRESIDENT'S INTENTION TO CONSULT AS EXPRESSED IN THAT SPEECH.

3. GENERAL TALKING POINTS: -- THE NEW ADMINISTRATION IS NOW COMPLETING AN ASSESSMENT OF US POLICY IN THE DIALOGUE BETWEEN DEVELOPED AND DEVELOPING COUNTRIES. WE WOULD LIKE TO SHARE THE ADMINISTRATION'S GENERAL CONCLUSIONS WITH YOU BEFORE RESUMPTION OF THE CONFERENCE ON INTERNATIONAL ECONOMIC COOPERATION.

-- THE ADMINISTRATION ATTACHES GREAT IMPORTANCE TO MAIN-

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TAINING A DYNAMIC, MUTUALLY BENEFICIAL RELATIONSHIP AMONG DEVELOPED AND DEVELOPING COUNTRIES. CIEC, AS A FOCAL POINT FOR A BROAD OVERVIEW OF NORTH/SOUTH RELATIONS IN THE ONGOING PROCESS OF DIALOGUE, CAN MAKE A MAJOR CONTRIBUTION BY EXPLORING NEW INITIATIVES AND GIVING NEW MOMENTUM TO WORK UNDERWAY ELSEWHERE. BUT BECAUSE OF ITS TEMPORARY NATURE AND RESTRICTED MEMBERSHIP, IT IS NOT A FORUM FOR NEGOTIATING BINDING COMMITMENTS. IT SHOULD NOT BE EXPECTED, THEREFORE, THAT CIEC WILL PROVIDE FINAL ANSWERS TO ANY OF THE OUTSTANDING NORTH/SOUTH ISSUES. BUT THE SUCCESSFUL CONCLUSION OF CIEC WILL BE IMPORTANT TO ASSURE A CLIMATE OF MUTUAL CONFIDENCE IN THE OVERALL NORTH/SOUTH DIALOGUE
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WHICH IS ESSENTIAL TO HELP BUILD PUBLIC SUPPORT FOR CONSTRUCTIVE SOLUTIONS TO DIFFICULT ISSUES. OVERALL, WE BELIEVE THERE ARE GOOD PROSPECTS FOR CONTINUING PROGRESS IF THE CONFERENCE TAKES PLACE IN A CONCILIATORY AND COOPERATIVE ATMOSPHERE. IF THE CONFERENCE ENDS IN BITTERNESS AND ACRIMONY, DISILLUSIONMENT MAY SET IN AND IT WOULD BE DIFFICULT FOR US TO MOVE FORWARD IN A NUMBER OF IMPORTANT AREAS.

-- THERE HAS BEEN SUBSTANTIAL PROGRESS IN THE OVERALL NORTH/SOUTH DIALOGUE IN THE 19 MONTHS SINCE CIEC BEGAN. CIEC CANNOT CLAIM ALL THE CREDIT FOR THIS PROGRESS. NEVERTHELESS, THERE IS NO DOUBT IT HAS HAD A MAJOR INFLUENCE ON THE WORK OF OTHER INSTITUTIONS AS WELL AS THE ATTITUDES AND DECISIONS OF INDIVIDUAL GOVERNMENTS. THE FINAL CONCLUSIONS OF CIEC SHOULD, THEREFORE, CLEARLY TAKE NOTE OF AREAS WHERE THERE HAS BEEN PROGRESS, INCLUDING PARTICULARLY THE IMPROVEMENTS IN IMF BALANCE OF PAYMENTS FINANCING OF BENEFIT TO DEVELOPING NATIONS, THE ESTABLISHMENT OF THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, THE NEGOTIATIONS FOR THE 5TH REPLENISHMENT OF IDA AND THE IMPORTANT WORK UNDERWAY IN UNCTAD ON COMMODITIES.

-- IN OUR VIEW, CIEC IN ITS FINAL PHASE SHOULD CONCENTRATE ON THOSE MAJOR FIELDS IN THE NORTH-SOUTH DIALOGUE WHERE WE WOULD HOPE IMPORTANT ADVANCES ARE NOW POSSIBLE. ON THE OTHER HAND, THERE ARE SOME AREAS HERE WE DO NOT SEE OPPORTUNITIES FOR SIGNIFICANT PROGRESS.

4. TALKING POINTS ON SPECIFIC AREAS ON WHICH WE WOULD LIKE TO FOCUS:

A1. TRANSFER OF RESOURCES. WE BELIEVE THAT OUR JOINT EFFORTS IN CIEC SHOULD RESULT IN CONCRETE RECOGNITION ON THE PART OF ALL PARTICPANTS OF THE IMPORTANCE OF INCREASED AND MORE EFFECTIVE FLOWS OF FOREIGN ASSISTANCE. FOCUS SHOULD BE PLACED ON BOTH BILATERAL AND MULTILATERAL
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AID. IN THE LATTER REGARD, WE WOULD HOPE THAT AGREEMENT COULD BE REACHED IN CIEC ON THE DESIRABILITY OF ENABLING THE WORLD BANK TO INCREASE ITS LENDING SUBSTANTIALLY OVER COMING YEARS. IN THE SPECIFIC CASE OF THE UNITED STATES, WE ARE IN THE PROCESS OF INCREASING AND MAKING MORE EFFECTIVE THE TOTAL VOLUME OF OUR BILATERAL AND MULTI-LATERAL AID. WE BELIEVE IN PARTICULAR THAT A SPECIAL EFFORT SHOULD BE MADE TO INCREASE HIGHLY CONCESSIONAL AID TO THE LOW INCOME DEVELOPING COUNTRIES.

A2. WE SEE NO PROSPECT OF ACTION IN CIEC OR ELSEWHERE ON GENERALIZED DEBT RELIEF, AS THE GROUP OF 19 HAS ADVOCATED. WE RECOGNIZE, HOWEVER, THAT CERTAIN POORER COUNTRIES WILL CONTINUE TO HAVE STRUCTURAL BALANCE OF PAYMENTS PROBLEMS OF WHICH DEBT IS AN ELEMENT. WE BELIEVE THE PROPOSAL THE US AND THE EUROPEAN COMMUNITY HAVE MADE IS A VIABLE AND SIGNIFICANT WAY OF ADDRESSING SUCH PROBLEMS.

B1. COMMODITIES. WE RECOGNIZE THAT EFFECTIVE ACTION ON THE PROBLEMS OF COMMODITIES SHOULD RECEIVE HIGH PRIORITY IN THE NORTH/SOUTH DIALOGUE. WORK ON COMMODITY PROBLEMS IS ALREADY UNDERWAY IN OTHER FORUMS, PARTICULAR-LY UNCTAD, BUT CIEC CAN PROVIDE IMPETUS ON THREE MAJOR PROBLEMS IN THE COMMODITIES AREA.

B2. FIRST, THE US WILL ENTER INTO NEGOTIATIONS FOR NEW INTERNATIONAL AGREEMENTS FOR SUGAR AND GRAINS. AND AS PRESIDENT CARTER STATED IN HIS ADDRESS TO THE UNITED NATIONS MARCH 17, WE WILL "CONSIDER, WITH A POSITIVE AND OPEN ATTITUDE, THE NEGOTIATION OF AGREEMENTS TO STABILIZE COMMODITY PRICES, INCLUDING THE ESTABLISHMENT OF A COMMON FUNDING ARRANGEMENT FOR FINANCING BUFFER

STOCKS WHERE THEY ARE A PART OF INDIVIDUAL, NEGOTIATED AGREEMENTS," RECOGNIZING THAT FINAL DECISION ON ITS CONFIDENTIAL

ESTABLISHMENT MUST AWAIT SUBSTANTIVE RESULTS FROM IN-DIVIDUAL COMMODITY DISCUSSIONS AND NEGOTIATIONS NOW GOING ON.

B3. SECOND, AN EFFECTIVE INTERNATIONAL APPROACH TO COMMODITIES MUST ADDRESS THE STABILIZATION OF EXPORT EARNINGS. THE COMPENSATORY FINANCE FACILITY OF THE IMF HAS OPERATED EFFECTIVELY SINCE ITS LIBERALIZATION IN JANUARY 1976. AND WE SEE A CONTINUING NEED TO MONITOR THE ADEQUACY OF THE IMF COMPENSATORY FINANCE FACILITY.

B4. THIRD, WE WOULD HOPE THAT CIEC MIGHT PROVIDE SOME

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GENERAL GUIDELINES ON INCREASED ACTIVITY BY THE IBRD AND OTHER INTERNATIONAL INSTITUTIONS IN THE AREAS OF RESOURCE DEVELOPMENT, DIVERSIFICATION AND PRODUCT IMPROVEMENT. WE SHOULD MOVE TO ENSURE THAT THERE ARE ADEQUATE FUNDS AVAILABLE, BOTH PRIVATE AND PUBLIC, FOR INVESTMENT IN THESE AREAS.

C1. ENERGY. WE CONTINUE TO BELIEVE THAT CIEC, IF IT IS TO BE CONCLUDED SATISFACTORILY, MUST PROVIDE FOR EFFECTIVE COOPERATION IN THE FIELD OF ENERGY. WE ALL RECOGNIZE THE RELATIONSHIP BETWEEN AN ADEQUATE SUPPLY OF ENERGY AT REASONABLE PRICES AND BOTH THE ECONOMIC PROSPECTS OF INDIVIDUAL COUNTRIES AND ECONOMIC WELL-BEING WORLDWIDE. ALL COUNTRIES, DEVELOPED AND DEVELOPING EXPORTERS AND IMPORTERS OF ENERGY, HAVE AN INTEREST IN ENERGY CONSERVATION, FOR THE DEVELOPMENT OF NEW ENERGY SUPPLIES, AND FOR A SMOOTH TRANSITION IN THE ENERGY SYSTEM AWAY

FROM HEAVY DEPENDENCE ON OIL AND GAS TOWARD INCREASED RELIANCE ON MORE PLENTIFUL FOSSIL FUELS AND RENEWABLE SOURCES OF ENERGY.

C2. FURTHER, WE ARE OPTIMISTIC THAT CIEC CAN ADDRESS DIRECTLY THE ENERGY NEEDS OF THE NON-OIL EXPORTING DEVELO-
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PING COUNTRIES FOR WHOM THE COST OF IMPORTED OIL IS NOW A MAJOR CONSTRAINT IN THEIR ECONOMIC DEVELOPMENT. IN PARTICULAR WE WOULD HOPE A GENERAL CONSENSUS COULD BE REACHED ON THE DESIRABILITY OF INCREASED ATTENTION BY THE WORLD BANK GROUP TO THE PROBLEMS OF ENERGY DEVELOPMENT.

C3. WE ARE ALSO PREPARED TO SUPPORT THE ESTABLISHMENT OF AN INTERNATIONAL ENERGY INSTITUTE IF THE DEVELOPING COUNTRIES SHARE OUR VIEW THAT SUCH AN INSTITUTE WOULD BE USEFUL. WE THINK CIEC SHOULD PROVIDE IMPETUS FOR EXPANDED ENERGY R&D COOPERATION.

D1. TRADE. EXPANDED ACCESS TO WORLD MARKETS FOR MANUFACTURED AND SEMI-MANUFACTURED GOODS IS ESSENTIAL FOR AN EXPANDING WORLD ECONOMY AND PARTICULARLY IMPORTANT TO THE CONTINUED ECONOMIC PROGRESS OF A WIDE RANGE OF DEVELOPING COUNTRIES. WE SHOULD USE CIEC TO AGREE THAT DEVELOPED COUNTRIES, WHILE GIVING DUE REGARD TO LEGITIMATE DOMESTIC CONCERNS, SHOULD COMMIT THEMSELVES TO OFFER IN THE MULTILATERAL TRADE NEGOTIATIONS REDUCTIONS IN BARRIERS TO LDC TRADE WITH THE VIEW TO ENABLING LDCS TO INCREASE THEIR SHARE IN WORLD TRADE OVER TIME.

E1. INVESTMENT. CIEC HAS MADE GOOD PROGRESS IN ADDRESSING THE QUESTION OF INTERNATIONAL DIRECT INVESTMENT.

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THE CONTACT GROUP DOCUMENT ON THIS TOPIC WORKED OUT
AT THE NOVEMBER 1976 MEETING INDICATES BROAD AREAS OF
AGREEMENT. WE BELIEVE IT CONSTITUTES A GOOD BASIS FOR
PROGRESS. IN PARTICULAR, WE PLACE CONSIDERABLE IMPORTANCE
ON REACHING A MUTUAL UNDERSTANDING ON THOSE ELEMENTS THAT
WILL HELP ESTABLISH A SOUND INVESTMENT CLIMATE. SUCH A
CLIMATE SHOULD ENCOURAGE CAPITAL FLOWS WHICH WOULD RAISE
PRODUCTIVITY, EXPAND EMPLOYMENT AND CONTRIBUTE TO
ECONOMIC DIVERSIFICATION IN DEVELOPING COUNTRIES.

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(FOR KINSHASA: IN VIEW OF PRESENT SITUATION, WE LEAVE
IT TO AMBASSADOR'S DISCRETION WHETHER TO MAKE THIS
APPROACH.)
VANCE

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PAGE 01 STATE 090658
ORIGIN EB-02

INFO OCT-01 EA-02 ISO-00 /005 R

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APPROVED BY:EB:DJONES
----------152226Z 012468 /70
R 152150Z MAY 77
FM SECSTATE WASHDC
TO AMEMBASSY TOKYO

C O N F I D E N T I A L STATE 090658

FOLLOWING REPEAT STATE 090658 SENT USMISSION GENEVA 12 MAY.

QUOTE: C O N F I D E N T I A L STATE 090658

FOR USDEL TO UN COMMITTEE ON NATURAL RESOURCES

FOL TEL SENT ACTION ALGIERS BUENOS AIRES YAOUNDE BRASILIA
CAIRO NEW DELHI JAKARTA BAGHDAD TEHRNN KINGSTON MEXICO
LAGOS LIMA JIDDA CARACAS KINSHASA LUSAKA BELGRADE MANILA
KUALA LUMPUR BANGKOK COLOMBO DACCA SANTIAGO NAIROBI ISLAMABAD
FROM SECSTATE DTD 22 APR 1977 QTE

C O N F I D E N T I A L STATE 090658

MANILA PLEASE PASS HEGINBOTHAM

E.O. 11652: GDS

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BY EXPLORING NEW INITIATIVES AND GIVING NEW MOMENTUM TO WORK UNDERWAY ELSEWHERE. BUT BECAUSE OF ITS TEMPORARY NATURE AND RESTRICTED MEMBERSHIP, IT IS NOT A FORUM FOR NEGOTIATING BINDING COMMITMENTS. IT SHOULD NOT BE EXPECTED, THEREFORE, THAT CIEC WILL PROVIDE FINAL ANSWERS TO ANY OF THE OUTSTANDING NORTH/SOUTH ISSUES. BUT THE SUCCESSFUL CONCLUSION OF CIEC WILL BE IMPORTANT TO ASSURE A CLIMATE OF MUTUAL CONFIDENCE IN THE OVERALL NORTH/SOUTH DIALOGUE WHICH IS ESSENTIAL TO HELP BUILD PUBLIC SUPPORT FOR CONSTRUCTIVE SOLUTIONS TO DIFFICULT ISSUES. OVERALL, WE BELIEVE THERE ARE GOOD PROSPECTS FOR CONTINUING PROGRESS IF THE CONFERENCE TAKES PLACE IN A CONCILIATORY AND COOPERATIVE ATMOSPHERE. IF THE CONFERENCE ENDS IN BITTERNESS AND ACRIMONY, DISILLUSIONMENT MAY SET IN AND IT WOULD BE DIFFICULT FOR US TO MOVE FORWARD IN A NUMBER OF IMPORTANT AREAS.

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B3. SECOND, AN EFFECTIVE INTERNATIONAL APPROACH TO COMMODITIES MUST ADDRESS THE STABILIZATION OF EXPORT EARNINGS. THE COMPENSATORY FINANCE FACILITY OF THE IMF HAS OPERATED EFFECTIVELY SINCE ITS LIBERALIZATION IN JANUARY 1976. AND WE SEE A CONTINUING NEED TO MONITOR THE ADEQUACY OF THE IMF COMPENSATORY FINANCE FACILITY.

B4. THIRD, WE WOULD HOPE THAT CIEC MIGHT PROVIDE SOME GENERAL GUIDELINES ON INCREASED ACTIVITY BY THE IBRD AND OTHER INTERNATIONAL INSTITUTIONS IN THE AREAS OF RESOURCE DEVELOPMENT, DIVERSIFICATION AND PRODUCT IMPROVEMENT. WE SHOULD MOVE TO ENSURE THAT THERE ARE ADEQUATE FUNDS AVAIL-ABLE, BOTH PRIVATE AND PUBLIC, FOR INVESTMENT IN THESE AREAS.

C1. ENERGY. WE CONTINUE TO BELIEVE THAT CIEC, IF IT IS

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TO BE CONCLUDED SATISFACTORILY, MUST PROVIDE FOR EFFECTIVE
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REASONABLE PRICES AND BOTH THE ECONOMIC PROSPECTS OF
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(FOR KINSHASA: IN VIEW OF PRESENT SITUATION, WE LEAVE
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C O N F I D E N T I A L STATE 090658

FOR USDEL TO UN COMMITTEE ON NATURAL RESOURCES

FOL TEL SENT ACTION ALGIERS BUENOS AIRES YAOUNDE BRASILIA
CAIRO NEW DELHI JAKARTA BAGHDAD TEHRNN KINGSTON MEXICO
LAGOS LIMA JIDDA CARACAS KINSHASA LUSAKA BELGRADE MANILA
KUALA LUMPUR BANGKOK COLOMBO DACCA SANTIAGO NAIROBI ISLAMABAD
FROM SECSTATE DTD 22 APR 1977 QTE

C O N F I D E N T I A L STATE 090658

MANILA PLEASE PASS HEGINBOTHAM

E.O. 11652: GDS

TAGS: ETRD, CIEC, EGEN

SUBJECT: U.S. VIEWS ON CIEC

REF: STATE 090659

FOR THE AMBASSADOR

1. THE AMBASSADOR AT ALL ADDRESSEE POSTS IS REQUESTED
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TO SEEK AN APPOINTMENT AS SOON AS POSSIBLE AT THE HIGHEST APPROPRIATE LEVEL OF THE HOST GOVERNMENT TO OUTLINE US VIEWS ON HOW A SUCCESSFUL OUTCOME TO THE FORTHCOMING CONFERENCE ON INTERNATIONAL ECONOMIC COOPERATION (CIEC) CAN BEST BE ACHIEVED. WE HAVE PROVIDED BELOW THE TALKING POINTS TO BE USED IN THIS PRESENTATION, WHICH SHOULD BE MADE ORALLY. IF THE AMBASSADOR JUDGES IT NECESSARY TO AVOID MISUNDERSTANDINGS, THE POINTS CONTAINED IN PARA 4 BELOW MAY BE PRESENTED VERBATIM TO THE HOST GOVERNMENT AS A NON-PAPER AND AID IN DISCUSSION.

A SEPARATE MESSAGE--SENT FOR ACTION OR INFO TO ABOVE ADDRESSEES--CONTAINS ADDITIONAL TALKING POINTS ON TRANSFER OF RESOURCES AND INDIVIDUAL COMMODITIES.

2. WHERE APPROPRIATE (MANILA, KUALA LUMPUR, BANGKOK, LA PAZ, COLOMBO, AND DACCA), POSTS SHOULD NOTE THAT ALTHOUGH THE HOST GOVERNMENT IS NOT A MEMBER OF CIEC, THE US URGES THAT IT USE ITS INFLUENCE WITH MEMBERS OF THE G-19 TO PROMOTE GREATER UNDERSTANDING AND SUPPORT FOR OUR POSITION. ARA ADDRESSEE POSTS SHOULD ALSO CITE PRESIDENT CARTER'S RECENT OAS SPEECH AND NOTE THAT PRESENTATION OF OUR VIEWS ON CIEC IS AN EXAMPLE OF PRESIDENT'S INTENTION TO CONSULT AS EXPRESSED IN THAT SPEECH.

3. GENERAL TALKING POINTS: -- THE NEW ADMINISTRATION IS NOW COMPLETING AN ASSESSMENT OF US POLICY IN THE DIALOGUE BETWEEN DEVELOPED AND DEVELOPING COUNTRIES. WE WOULD LIKE TO SHARE THE ADMINISTRATION'S GENERAL CONCLUSIONS WITH YOU BEFORE RESUMPTION OF THE CONFERENCE ON INTERNATIONAL ECONOMIC COOPERATION.

-- THE ADMINISTRATION ATTACHES GREAT IMPORTANCE TO MAINTAINING A DYNAMIC, MUTUALLY BENEFICIAL RELATIONSHIP AMONG DEVELOPED AND DEVELOPING COUNTRIES. CIEC, AS A FOCAL POINT FOR A BROAD OVERVIEW OF NORTH/SOUTH RELATIONS IN THE CONFIDENTIAL

ONGOING PROCESS OF DIALOGUE, CAN MAKE A MAJOR CONTRIBUTION BY EXPLORING NEW INITIATIVES AND GIVING NEW MOMENTUM TO WORK UNDERWAY ELSEWHERE. BUT BECAUSE OF ITS TEMPORARY NATURE AND RESTRICTED MEMBERSHIP, IT IS NOT A FORUM FOR NEGOTIATING BINDING COMMITMENTS. IT SHOULD NOT BE EXPECTED, THEREFORE, THAT CIEC WILL PROVIDE FINAL ANSWERS TO ANY OF THE OUTSTANDING NORTH/SOUTH ISSUES. BUT THE SUCCESSFUL CONCLUSION OF CIEC WILL BE IMPORTANT TO ASSURE A CLIMATE OF MUTUAL CONFIDENCE IN THE OVERALL NORTH/SOUTH DIALOGUE WHICH IS ESSENTIAL TO HELP BUILD PUBLIC SUPPORT FOR CONSTRUCTIVE SOLUTIONS TO DIFFICULT ISSUES. OVERALL, WE BELIEVE THERE ARE GOOD PROSPECTS FOR CONTINUING PROGRESS IF THE CONFERENCE TAKES PLACE IN A CONCILIATORY AND COOPERATIVE

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ATMOSPHERE. IF THE CONFERENCE ENDS IN BITTERNESS AND ACRIMONY, DISILLUSIONMENT MAY SET IN AND IT WOULD BE DIFFICULT FOR US TO MOVE FORWARD IN A NUMBER OF IMPORTANT AREAS.

-- THERE HAS BEEN SUBSTANTIAL PROGRESS IN THE OVERALL NORTH/SOUTH DIALOGUE IN THE 19 MONTHS SINCE CIEC BEGAN. CIEC CANNOT CLAIM ALL THE CREDIT FOR THIS PROGRESS. NEVERTHELESS, THERE IS NO DOUBT IT HAS HAD A MAJOR INFLUENCE ON THE WORK OF OTHER INSTITUTIONS AS WELL AS THE ATTITUDES AND DECISIONS OF INDIVIDUAL GOVERNMENTS. THE FINAL CONCLUSIONS OF CIEC SHOULD, THEREFORE, CLEARLY TAKE NOTE OF AREAS WHERE THERE HAS BEEN PROGRESS, INCLUDING PARTICULARLY THE IMPROVEMENTS IN IMF BALANCE OF PAYMENTS FINANCING OF BENEFIT TO DEVELOPING NATIONS, THE ESTABLISHMENT OF THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, THE NEGOTIATIONS FOR THE 5TH REPLENISHMENT OF IDA AND THE IMPORTANT WORK UNDERWAY IN UNCTAD ON COMMODITIES.

-- IN OUR VIEW, CIEC IN ITS FINAL PHASE SHOULD CONCENTRATE ON THOSE MAJOR FIELDS IN THE NORTH-SOUTH DIALOGUE WHERE WE WOULD HOPE IMPORTANT ADVANCES ARE NOW POSSIBLE. ON THE OTHER HAND, THERE ARE SOME AREAS HERE WE DO NOT SEE OPPORTUNITIES FOR SIGNIFICANT PROGRESS.

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4. TALKING POINTS ON SPECIFIC AREAS ON WHICH WE WOULD LIKE TO FOCUS:

A1. TRANSFER OF RESOURCES. WE BELIEVE THAT OUR JOINT EFFORTS IN CIEC SHOULD RESULT IN CONCRETE RECOGNITION ON THE PART OF ALL PARTICPANTS OF THE IMPORTANCE OF INCREASED AND MORE EFFECTIVE FLOWS OF FOREIGN ASSISTANCE. FOCUS SHOULD BE PLACED ON BOTH BILATERAL AND MULTILATERAL AID. IN THE LATTER REGARD, WE WOULD HOPE THAT AGREEMENT COULD BE REACHED IN CIEC ON THE DESIRABILITY OF ENABLING THE WORLD BANK TO INCREASE ITS LENDING SUBSTANTIALLY OVER COMING YEARS. IN THE SPECIFIC CASE OF THE UNITED STATES, WE ARE IN THE PROCESS OF INCREASING AND MAKING MORE EFFECTIVE THE TOTAL VOLUME OF OUR BILATERAL AND MULTILATERAL AID. WE BELIEVE IN PARTICULAR THAT A SPECIAL EFFORT SHOULD BE MADE TO INCREASE HIGHLY CONCESSIONAL AID TO THE LOW INCOME DEVELOPING COUNTRIES.

A2. WE SEE NO PROSPECT OF ACTION IN CIEC OR ELSEWHERE ON GENERALIZED DEBT RELIEF, AS THE GROUP OF 19 HAS ADVOCATED. WE RECOGNIZE, HOWEVER, THAT CERTAIN POORER COUNTRIES WILL CONTINUE TO HAVE STRUCTURAL BALANCE OF PAYMENTS PROBLEMS OF WHICH DEBT IS AN ELEMENT. WE BELIEVE THE PROPOSAL THE US AND THE EUROPEAN COMMUNITY HAVE MADE IS A VIABLE AND SIGNIFICANT WAY OF ADDRESSING SUCH PROBLEMS.

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B1. COMMODITIES. WE RECOGNIZE THAT EFFECTIVE ACTION ON THE PROBLEMS OF COMMODITIES SHOULD RECEIVE HIGH PRIORITY IN THE NORTH/SOUTH DIALOGUE. WORK ON COMMODITY PROBLEMS IS ALREADY UNDERWAY IN OTHER FORUMS, PARTICULARLY UNCTAD, BUT CIEC CAN PROVIDE IMPETUS ON THREE MAJOR PROBLEMS IN THE COMMODITIES AREA.

B2. FIRST, THE US WILL ENTER INTO NEGOTIATIONS FOR NEW CONFIDENTIAL

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INTERNATIONAL AGREEMENTS FOR SUGAR AND GRAINS. AND AS PRESIDENT CARTER STATED IN HIS ADDRESS TO THE UNITED NATIONS MARCH 17, WE WILL "CONSIDER, WITH A POSITIVE AND OPEN ATTITUDE, THE NEGOTIATION OF AGREEMENTS TO STABILIZE COMMODITY PRICES, INCLUDING THE ESTABLISHMENT OF A COMMON FUNDING ARRANGEMENT FOR FINANCING BUFFER

STOCKS WHERE THEY ARE A PART OF INDIVIDUAL, NEGOTIATED AGREEMENTS," RECOGNIZING THAT FINAL DECISION ON ITS ESTABLISHMENT MUST AWAIT SUBSTANTIVE RESULTS FROM INDIVIDUAL COMMODITY DISCUSSIONS AND NEGOTIATIONS NOW GOING ON.

B3. SECOND, AN EFFECTIVE INTERNATIONAL APPROACH TO COMMODITIES MUST ADDRESS THE STABILIZATION OF EXPORT EARNINGS. THE COMPENSATORY FINANCE FACILITY OF THE IMF HAS OPERATED EFFECTIVELY SINCE ITS LIBERALIZATION IN JANUARY 1976. AND WE SEE A CONTINUING NEED TO MONITOR THE ADEQUACY OF THE IMF COMPENSATORY FINANCE FACILITY.

B4. THIRD, WE WOULD HOPE THAT CIEC MIGHT PROVIDE SOME GENERAL GUIDELINES ON INCREASED ACTIVITY BY THE IBRD AND OTHER INTERNATIONAL INSTITUTIONS IN THE AREAS OF RESOURCE DEVELOPMENT, DIVERSIFICATION AND PRODUCT IMPROVEMENT. WE SHOULD MOVE TO ENSURE THAT THERE ARE ADEQUATE FUNDS AVAILABLE, BOTH PRIVATE AND PUBLIC, FOR INVESTMENT IN THESE AREAS.

C1. ENERGY. WE CONTINUE TO BELIEVE THAT CIEC, IF IT IS TO BE CONCLUDED SATISFACTORILY, MUST PROVIDE FOR EFFECTIVE COOPERATION IN THE FIELD OF ENERGY. WE ALL RECOGNIZE THE RELATIONSHIP BETWEEN AN ADEQUATE SUPPLY OF ENERGY AT REASONABLE PRICES AND BOTH THE ECONOMIC PROSPECTS OF INDIVIDUAL COUNTRIES AND ECONOMIC WELL-BEING WORLDWIDE. ALL COUNTRIES, DEVELOPED AND DEVELOPING EXPORTERS AND IMPORTERS OF ENERGY, HAVE AN INTEREST IN ENERGY CONCONFIDENTIAL

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SERVATION, FOR THE DEVELOPMENT OF NEW ENERGY SUPPLIES, AND FOR A SMOOTH TRANSITION IN THE ENERGY SYSTEM AWAY

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FROM HEAVY DEPENDENCE ON OIL AND GAS TOWARD INCREASED
RELIANCE ON MORE PLENTIFUL FOSSIL FUELS AND RENEWABLE
SOURCES OF ENERGY.

C2. FURTHER, WE ARE OPTIMISTIC THAT CIEC CAN ADDRESS
DIRECTLY THE ENERGY NEEDS OF THE NON-OIL EXPORTING DEVELO-
PING COUNTRIES FOR WHOM THE COST OF IMPORTED OIL IS NOW
A MAJOR CONSTRAINT IN THEIR ECONOMIC DEVELOPMENT. IN
PARTICULAR WE WOULD HOPE A GENERAL CONSENSUS COULD BE
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MENT.

C3. WE ARE ALSO PREPARED TO SUPPORT THE ESTABLISHMENT OF
AN INTERNATIONAL ENERGY INSTITUTE IF THE DEVELOPING
COUNTRIES SHARE OUR VIEW THAT SUCH AN INSTITUTE WOULD BE
USEFUL. WE THINK CIEC SHOULD PROVIDE IMPETUS FOR EXPANDED
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D1. TRADE. EXPANDED ACCESS TO WORLD MARKETS FOR
MANUFACTURED AND SEMI-MANUFACTURED GOODS IS ESSENTIAL
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ING THE QUESTION OF INTERNATIONAL DIRECT INVESTMENT.
THE CONTACT GROUP DOCUMENT ON THIS TOPIC WORKED OUT
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AT THE NOVEMBER 1976 MEETING INDICATES BROAD AREAS OF
AGREEMENT. WE BELIEVE IT CONSTITUTES A GOOD BASIS FOR
PROGRESS. IN PARTICULAR, WE PLACE CONSIDERABLE IMPORTANCE
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FOLLOWING REPEAT STATE 090658 ACTION USUN NY GENEVA
DATED APR 22:

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FOLLOWING REPEAT STATE 90658 ACTION ALGIERS BUENOS AIRES
BRASILIA YAOUNDE CAIRO NEW DELHI JAKARTA BAGHDAD TEHRAN
KINGSTON MESICO LAGOS LIMA JIDDA CARACAS KINSHASA LUSAKA
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NAIROBI ISLAMABAD APR 22, 1977

QTE C O N F I D E N T I A L STATE 090658

MANILA PLEASE PASS HEGINBOTHAM

E.O. 11652: GDS

TAGS: ETRD, CIEC, EGEN
CONFIDENTIAL

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SUBJECT: U.S. VIEWS ON CIEC

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-- THERE HAS BEEN SUBSTANTIAL PROGRESS IN THE OVERALL NORTH/SOUTH DIALOGUE IN THE 19 MONTHS SINCE CIEC BEGAN.

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CIEC CANNOT CLAIM ALL THE CREDIT FOR THIS PROGRESS. NEVER-
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TIONS FOR THE 5TH REPLENISHMENT OF IDA AND THE IMPORTANT
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B1. COMMODITIES. WE RECOGNIZE THAT EFFECTIVE ACTION

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ON THE PROBLEMS OF COMMODITIES SHOULD RECEIVE HIGH PRIORITY IN THE NORTH/SOUTH DIALOGUE. WORK ON COMMODITY PROBLEMS IS ALREADY UNDERWAY IN OTHER FORUMS, PARTICULARLY UNCTAD, BUT CIEC CAN PROVIDE IMPETUS ON THREE MAJOR PROBLEMS IN THE COMMODITIES AREA.

B2. FIRST, THE US WILL ENTER INTO NEGOTIATIONS FOR NEW INTERNATIONAL AGREEMENTS FOR SUGAR AND GRAINS. AND AS PRESIDENT CARTER STATED IN HIS ADDRESS TO THE UNITED NATIONS MARCH 17, WE WILL "CONSIDER, WITH A POSITIVE AND OPEN ATTITUDE, THE NEGOTIATION OF AGREEMENTS TO STABILIZE COMMODITY PRICES, INCLUDING THE ESTABLISHMENT OF A COMMON FUNDING ARRANGEMENT FOR FINANCING BUFFER

STOCKS WHERE THEY ARE A PART OF INDIVIDUAL, NEGOTIATED AGREEMENTS," RECOGNIZING THAT FINAL DECISION ON ITS ESTABLISHMENT MUST AWAIT SUBSTANTIVE RESULTS FROM INDIVIDUAL COMMODITY DISCUSSIONS AND NEGOTIATIONS NOW GOING ON.

B3. SECOND, AN EFFECTIVE INTERNATIONAL APPROACH TO COMMODITIES MUST ADDRESS THE STABILIZATION OF EXPORT EARNINGS. THE COMPENSATORY FINANCE FACILITY OF THE IMF HAS OPERATED EFFECTIVELY SINCE ITS LIBERALIZATION IN JANUARY 1976. AND WE SEE A CONTINUING NEED TO MONITOR THE ADEQUACY OF THE IMF COMPENSATORY FINANCE FACILITY.

B4. THIRD, WE WOULD HOPE THAT CIEC MIGHT PROVIDE SOME GENERAL GUIDELINES ON INCREASED ACTIVITY BY THE IBRD AND OTHER INTERNATIONAL INSTITUTIONS IN THE AREAS OF RESOURCE DEVELOPMENT, DIVERSIFICATION AND PRODUCT IMPROVEMENT. WE SHOULD MOVE TO ENSURE THAT THERE ARE ADEQUATE FUNDS AVAILABLE, BOTH PRIVATE AND PUBLIC, FOR INVESTMENT IN THESE AREAS.

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C1. ENERGY. WE CONTINUE TO BELIEVE THAT CIEC, IF IT IS TO BE CONCLUDED SATISFACTORILY, MUST PROVIDE FOR EFFECTIVE COOPERATION IN THE FIELD OF ENERGY. WE ALL RECOGNIZE THE RELATIONSHIP BETWEEN AN ADEQUATE SUPPLY OF ENERGY AT REASONABLE PRICES AND BOTH THE ECONOMIC PROSPECTS OF INDIVIDUAL COUNTRIES AND ECONOMIC WELL-BEING WORLDWIDE. ALL COUNTRIES, DEVELOPED AND DEVELOPING EXPORTERS AND IMPORTERS OF ENERGY, HAVE AN INTEREST IN ENERGY CONSERVATION, FOR THE DEVELOPMENT OF NEW ENERGY SUPPLIES, AND FOR A SMOOTH TRANSITION IN THE ENERGY SYSTEM AWAY

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C2. FURTHER, WE ARE OPTIMISTIC THAT CIEC CAN ADDRESS DIRECTLY THE ENERGY NEEDS OF THE NON-OIL EXPORTING DEVELOPING COUNTRIES FOR WHOM THE COST OF IMPORTED OIL IS NOW A MAJOR CONSTRAINT IN THEIR ECONOMIC DEVELOPMENT. IN PARTICULAR WE WOULD HOPE A GENERAL CONSENSUS COULD BE REACHED ON THE DESIRABILITY OF INCREASED ATTENTION BY THE WORLD BANK GROUP TO THE PROBLEMS OF ENERGY DEVELOPMENT.

C3. WE ARE ALSO PREPARED TO SUPPORT THE ESTABLISHMENT OF AN INTERNATIONAL ENERGY INSTITUTE IF THE DEVELOPING COUNTRIES SHARE OUR VIEW THAT SUCH AN INSTITUTE WOULD BE USEFUL. WE THINK CIEC SHOULD PROVIDE IMPETUS FOR EXPANDED ENERGY R&D COOPERATION.

D1. TRADE. EXPANDED ACCESS TO WORLD MARKETS FOR MANUFACTURED AND SEMI-MANUFACTURED GOODS IS ESSENTIAL FOR AN EXPANDING WORLD ECONOMY AND PARTICULARLY IMPORTANT TO THE CONTINUED ECONOMIC PROGRESS OF A WIDE RANGE OF DEVELOPING COUNTRIES. WE SHOULD USE CIEC TO AGREE THAT DEVELOPED COUNTRIES, WHILE GIVING DUE REGARD TO LEGITI-
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MATE DOMESTIC CONCERNS, SHOULD COMMIT THEMSELVES TO OFFER IN THE MULTILATERAL TRADE NEGOTIATIONS REDUCTIONS IN BARRIERS TO LDC TRADE WITH THE VIEW TO ENABLING LDCS TO INCREASE THEIR SHARE IN WORLD TRADE OVER TIME.

E1. INVESTMENT. CIEC HAS MADE GOOD PROGRESS IN ADDRESSING THE QUESTION OF INTERNATIONAL DIRECT INVESTMENT. THE CONTACT GROUP DOCUMENT ON THIS TOPIC WORKED OUT AT THE NOVEMBER 1976 MEETING INDICATES BROAD AREAS OF AGREEMENT. WE BELIEVE IT CONSTITUTES A GOOD BASIS FOR PROGRESS. IN PARTICULAR, WE PLACE CONSIDERABLE IMPORTANCE ON REACHING A MUTUAL UNDERSTANDING ON THOSE ELEMENTS THAT WILL HELP ESTABLISH A SOUND INVESTMENT CLIMATE. SUCH A CLIMATE SHOULD ENCOURAGE CAPITAL FLOWS WHICH WOULD RAISE PRTDUCTIVITY, EXPAND EMPLOYMENT AND CONTRIBUTE TO ECONOMIC DIVERSIFICATION IN DEVELOPING COUNTRIES.

(FOR KINSHASA: IN VIEW OF PRESENT SITUATION, WE LEAVE IT TO AMBASSADOR'S DISCRETION WHETHER TO MAKE THIS APPROACH.) VANCE UNQTE
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USMISSION GENEVA

C O N F I D E N T I A L STATE 090658

FOLLOWING REPEAT STATE 90658 ACTION ALGIERS BUENOS AIRES BRASILIA YAOUNDE CAIRO NEW DELHI JAKARTA BAGHDAD TEHRAN KINGSTON MESICO LAGOS LIMA JIDDA CARACAS KINSHASA LUSAKA BELGRADE MANILA KUALA BANGKOK COLOMBO DACCA SANTIAGO NAIROBI ISLAMABAD APR 22, 1977

QTE C O N F I D E N T I A L STATE 090658

MANILA PLEASE PASS HEGINBOTHAM

E.O. 11652: GDS

TAGS: ETRD, CIEC, EGEN

SUBJECT: U.S. VIEWS ON CIEC

REF: STATE 090659

FOR THE AMBASSADOR

1. THE AMBASSADOR AT ALL ADDRESSEE POSTS IS REQUESTED TO SEEK AN APPOINTMENT AS SOON AS POSSIBLE AT THE HIGHEST CONFIDENTIAL

APPROPRIATE LEVEL OF THE HOST GOVERNMENT TO OUTLINE US VIEWS ON HOW A SUCCESSFUL OUTCOME TO THE FORTHCOMING CONFERENCE ON INTERNATIONAL ECONOMIC COOPERATION (CIEC) CAN BEST BE ACHIEVED. WE HAVE PROVIDED BELOW THE TALKING POINTS TO BE USED IN THIS PRESENTATION, WHICH SHOULD BE MADE ORALLY. IF THE AMBASSADOR JUDGES IT NECESSARY TO AVOID MISUNDERSTANDINGS, THE POINTS CONTAINED IN PARA 4 BELOW MAY BE PRESENTED VERBATIM TO THE HOST GOVERNMENT AS A NON-PAPER AND AID IN DISCUSSION.

A SEPARATE MESSAGE--SENT FOR ACTION OR INFO TO ABOVE ADDRESSEES--CONTAINS ADDITIONAL TALKING POINTS ON TRANSFER OF RESOURCES AND INDIVIDUAL COMMODITIES.

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2. WHERE APPROPRIATE (MANILA, KUALA LUMPUR, BANGKOK, LA PAZ, COLOMBO, AND DACCA), POSTS SHOULD NOTE THAT ALTHOUGH THE HOST GOVERNMENT IS NOT A MEMBER OF CIEC, THE US URGES THAT IT USE ITS INFLUENCE WITH MEMBERS OF THE G-19 TO PROMOTE GREATER UNDERSTANDING AND SUPPORT FOR OUR POSITION. ARA ADDRESSEE POSTS SHOULD ALSO CITE PRESIDENT CARTER'S RECENT OAS SPEECH AND NOTE THAT PRESENTATION OF OUR VIEWS ON CIEC IS AN EXAMPLE OF PRESIDENT'S INTENTION TO CONSULT AS EXPRESSED IN THAT SPEECH.

3. GENERAL TALKING POINTS: -- THE NEW ADMINISTRATION IS NOW COMPLETING AN ASSESSMENT OF US POLICY IN THE DIALOGUE BETWEEN DEVELOPED AND DEVELOPING COUNTRIES. WE WOULD LIKE TO SHARE THE ADMINISTRATION'S GENERAL CONCLUSIONS WITH YOU BEFORE RESUMPTION OF THE CONFERENCE ON INTERNATIONAL ECONOMIC COOPERATION.

-- THE ADMINISTRATION ATTACHES GREAT IMPORTANCE TO MAINTAINING A DYNAMIC, MUTUALLY BENEFICIAL RELATIONSHIP AMONG DEVELOPED AND DEVELOPING COUNTRIES. CIEC, AS A FOCAL POINT FOR A BROAD OVERVIEW OF NORTH/SOUTH RELATIONS IN THE ONGOING PROCESS OF DIALOGUE, CAN MAKE A MAJOR CONTRIBUTION
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BY EXPLORING NEW INITIATIVES AND GIVING NEW MOMENTUM TO WORK UNDERWAY ELSEWHERE. BUT BECAUSE OF ITS TEMPORARY NATURE AND RESTRICTED MEMBERSHIP, IT IS NOT A FORUM FOR NEGOTIATING BINDING COMMITMENTS. IT SHOULD NOT BE EXPECTED, THEREFORE, THAT CIEC WILL PROVIDE FINAL ANSWERS TO ANY OF THE OUTSTANDING NORTH/SOUTH ISSUES. BUT THE SUCCESSFUL CONCLUSION OF CIEC WILL BE IMPORTANT TO ASSURE A CLIMATE OF MUTUAL CONFIDENCE IN THE OVERALL NORTH/SOUTH DIALOGUE WHICH IS ESSENTIAL TO HELP BUILD PUBLIC SUPPORT FOR CONSTRUCTIVE SOLUTIONS TO DIFFICULT ISSUES. OVERALL, WE BELIEVE THERE ARE GOOD PROSPECTS FOR CONTINUING PROGRESS IF THE CONFERENCE TAKES PLACE IN A CONCILIATORY AND COOPERATIVE ATMOSPHERE. IF THE CONFERENCE ENDS IN BITTERNESS AND ACRIMONY, DISILLUSIONMENT MAY SET IN AND IT WOULD BE DIFFICULT FOR US TO MOVE FORWARD IN A NUMBER OF IMPORTANT AREAS.
-- THERE HAS BEEN SUBSTANTIAL PROGRESS IN THE OVERALL NORTH/SOUTH DIALOGUE IN THE 19 MONTHS SINCE CIEC BEGAN. CIEC CANNOT CLAIM ALL THE CREDIT FOR THIS PROGRESS. NEVERTHELESS, THERE IS NO DOUBT IT HAS HAD A MAJOR INFLUENCE ON THE WORK OF OTHER INSTITUTIONS AS WELL AS THE ATTITUDES AND DECISIONS OF INDIVIDUAL GOVERNMENTS. THE FINAL CONCLUSIONS OF CIEC SHOULD, THEREFORE, CLEARLY TAKE NOTE OF AREAS WHERE THERE HAS BEEN PROGRESS, INCLUDING PARTICULARLY THE IMPROVEMENTS IN IMF BALANCE OF PAYMENTS FINANCING OF BENEFIT TO DEVELOPING NATIONS, THE ESTABLISHMENT OF THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, THE NEGOTIATIONS FOR THE 5TH REPLENISHMENT OF IDA AND THE IMPORTANT

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WORK UNDERWAY IN UNCTAD ON COMMODITIES.

-- IN OUR VIEW, CIEC IN ITS FINAL PHASE SHOULD CONCENTRATE ON THOSE MAJOR FIELDS IN THE NORTH-SOUTH DIALOGUE WHERE WE WOULD HOPE IMPORTANT ADVANCES ARE NOW POSSIBLE. ON THE OTHER HAND, THERE ARE SOME AREAS HERE WE DO NOT SEE OPPORTUNITIES FOR SIGNIFICANT PROGRESS.

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4. TALKING POINTS ON SPECIFIC AREAS ON WHICH WE WOULD LIKE TO FOCUS:

A1. TRANSFER OF RESOURCES. WE BELIEVE THAT OUR JOINT EFFORTS IN CIEC SHOULD RESULT IN CONCRETE RECOGNITION ON THE PART OF ALL PARTICPANTS OF THE IMPORTANCE OF INCREASED AND MORE EFFECTIVE FLOWS OF FOREIGN ASSISTANCE. FOCUS SHOULD BE PLACED ON BOTH BILATERAL AND MULTILATERAL AID. IN THE LATTER REGARD, WE WOULD HOPE THAT AGREEMENT COULD BE REACHED IN CIEC ON THE DESIRABILITY OF ENABLING THE WORLD BANK TO INCREASE ITS LENDING SUBSTANTIALLY OVER COMING YEARS. IN THE SPECIFIC CASE OF THE UNITED STATES, WE ARE IN THE PROCESS OF INCREASING AND MAKING MORE EFFECTIVE THE TOTAL VOLUME OF OUR BILATERAL AND MULTILATERAL AID. WE BELIEVE IN PARTICULAR THAT A SPECIAL EFFORT SHOULD BE MADE TO INCREASE HIGHLY CONCESSIONAL AID TO THE LOW INCOME DEVELOPING COUNTRIES.

A2. WE SEE NO PROSPECT OF ACTION IN CIEC OR ELSEWHERE ON GENERALIZED DEBT RELIEF, AS THE GROUP OF 19 HAS ADVOCATED. WE RECOGNIZE, HOWEVER, THAT CERTAIN POORER COUNTRIES WILL CONTINUE TO HAVE STRUCTURAL BALANCE OF PAYMENTS PROBLEMS OF WHICH DEBT IS AN ELEMENT. WE BELIEVE THE PROPOSAL THE US AND THE EUROPEAN COMMUNITY HAVE MADE IS A VIABLE AND SIGNIFICANT WAY OF ADDRESSING SUCH PROBLEMS.

B1. COMMODITIES. WE RECOGNIZE THAT EFFECTIVE ACTION ON THE PROBLEMS OF COMMODITIES SHOULD RECEIVE HIGH PRIORITY IN THE NORTH/SOUTH DIALOGUE. WORK ON COMMODITY PROBLEMS IS ALREADY UNDERWAY IN OTHER FORUMS, PARTICULARLY UNCTAD, BUT CIEC CAN PROVIDE IMPETUS ON THREE MAJOR PROBLEMS IN THE COMMODITIES AREA.

B2. FIRST, THE US WILL ENTER INTO NEGOTIATIONS FOR NEW INTERNATIONAL AGREEMENTS FOR SUGAR AND GRAINS. AND AS CONFIDENTIAL

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PRESIDENT CARTER STATED IN HIS ADDRESS TO THE UNITED NATIONS MARCH 17, WE WILL "CONSIDER, WITH A POSITIVE

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AND OPEN ATTITUDE, THE NEGOTIATION OF AGREEMENTS TO STABILIZE COMMODITY PRICES, INCLUDING THE ESTABLISHMENT OF A COMMON FUNDING ARRANGEMENT FOR FINANCING BUFFER

STOCKS WHERE THEY ARE A PART OF INDIVIDUAL, NEGOTIATED AGREEMENTS," RECOGNIZING THAT FINAL DECISION ON ITS ESTABLISHMENT MUST AWAIT SUBSTANTIVE RESULTS FROM INDIVIDUAL COMMODITY DISCUSSIONS AND NEGOTIATIONS NOW GOING ON.

B3. SECOND, AN EFFECTIVE INTERNATIONAL APPROACH TO COMMODITIES MUST ADDRESS THE STABILIZATION OF EXPORT EARNINGS. THE COMPENSATORY FINANCE FACILITY OF THE IMF HAS OPERATED EFFECTIVELY SINCE ITS LIBERALIZATION IN JANUARY 1976. AND WE SEE A CONTINUING NEED TO MONITOR THE ADEQUACY OF THE IMF COMPENSATORY FINANCE FACILITY.

B4. THIRD, WE WOULD HOPE THAT CIEC MIGHT PROVIDE SOME GENERAL GUIDELINES ON INCREASED ACTIVITY BY THE IBRD AND OTHER INTERNATIONAL INSTITUTIONS IN THE AREAS OF RESOURCE DEVELOPMENT, DIVERSIFICATION AND PRODUCT IMPROVEMENT. WE SHOULD MOVE TO ENSURE THAT THERE ARE ADEQUATE FUNDS AVAILABLE, BOTH PRIVATE AND PUBLIC, FOR INVESTMENT IN THESE AREAS.

C1. ENERGY. WE CONTINUE TO BELIEVE THAT CIEC, IF IT IS TO BE CONCLUDED SATISFACTORILY, MUST PROVIDE FOR EFFECTIVE COOPERATION IN THE FIELD OF ENERGY. WE ALL RECOGNIZE THE RELATIONSHIP BETWEEN AN ADEQUATE SUPPLY OF ENERGY AT REASONABLE PRICES AND BOTH THE ECONOMIC PROSPECTS OF INDIVIDUAL COUNTRIES AND ECONOMIC WELL-BEING WORLDWIDE. ALL COUNTRIES, DEVELOPED AND DEVELOPING EXPORTERS AND IMPORTERS OF ENERGY, HAVE AN INTEREST IN ENERGY CONSERVATION, FOR THE DEVELOPMENT OF NEW ENERGY SUPPLIES, CONFIDENTIAL

AND FOR A SMOOTH TRANSITION IN THE ENERGY SYSTEM AWAY

FROM HEAVY DEPENDENCE ON OIL AND GAS TOWARD INCREASED RELIANCE ON MORE PLENTIFUL FOSSIL FUELS AND RENEWABLE SOURCES OF ENERGY.

C2. FURTHER, WE ARE OPTIMISTIC THAT CIEC CAN ADDRESS DIRECTLY THE ENERGY NEEDS OF THE NON-OIL EXPORTING DEVELOPING COUNTRIES FOR WHOM THE COST OF IMPORTED OIL IS NOW A MAJOR CONSTRAINT IN THEIR ECONOMIC DEVELOPMENT. IN PARTICULAR WE WOULD HOPE A GENERAL CONSENSUS COULD BE REACHED ON THE DESIRABILITY OF INCREASED ATTENTION BY THE WORLD BANK GROUP TO THE PROBLEMS OF ENERGY DEVELOPMENT.

C3. WE ARE ALSO PREPARED TO SUPPORT THE ESTABLISHMENT OF

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AN INTERNATIONAL ENERGY INSTITUTE IF THE DEVELOPING
COUNTRIES SHARE OUR VIEW THAT SUCH AN INSTITUTE WOULD BE
USEFUL. WE THINK CIEC SHOULD PROVIDE IMPETUS FOR EXPANDED
ENERGY R&D COOPERATION.

D1. TRADE. EXPANDED ACCESS TO WORLD MARKETS FOR
MANUFACTURED AND SEMI-MANUFACTURED GOODS IS ESSENTIAL
FOR AN EXPANDING WORLD ECONOMY AND PARTICULARLY IMPORTANT
TO THE CONTINUED ECONOMIC PROGRESS OF A WIDE RANGE OF
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DEVELOPED COUNTRIES, WHILE GIVING DUE REGARD TO LEGITI-
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OFFER IN THE MULTILATERAL TRADE NEGOTIATIONS REDUCTIONS
IN BARRIERS TO LDC TRADE WITH THE VIEW TO ENABLING LDCS
TO INCREASE THEIR SHARE IN WORLD TRADE OVER TIME.

E1. INVESTMENT. CIEC HAS MADE GOOD PROGRESS IN ADDRESS-
ING THE QUESTION OF INTERNATIONAL DIRECT INVESTMENT.
THE CONTACT GROUP DOCUMENT ON THIS TOPIC WORKED OUT
AT THE NOVEMBER 1976 MEETING INDICATES BROAD AREAS OF
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AGREEMENT. WE BELIEVE IT CONSTITUTES A GOOD BASIS FOR
PROGRESS. IN PARTICULAR, WE PLACE CONSIDERABLE IMPORTANCE
ON REACHING A MUTUAL UNDERSTANDING ON THOSE ELEMENTS THAT
WILL HELP ESTABLISH A SOUND INVESTMENT CLIMATE. SUCH A
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(FOR KINSHASA: IN VIEW OF PRESENT SITUATION, WE LEAVE
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FOLLOWING REPEAT STATE 090658 ACTION USUN NY GENEVA
DATED APR 22:

QTE:C O N F I D E N T I A L STATE 090658

FOLLOWING REPEAT STATE 90658 ACTION ALGIERS BUENOS AIRES
BRASILIA YAOUNDE CAIRO NEW DELHI JAKARTA BAGHDAD TEHRAN
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QTE C O N F I D E N T I A L STATE 090658

MANILA PLEASE PASS HEGINBOTHAM

E.O. 11652: GDS

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PROBLEMS IN THE COMMODITIES AREA.

B2. FIRST, THE US WILL ENTER INTO NEGOTIATIONS FOR NEW INTERNATIONAL AGREEMENTS FOR SUGAR AND GRAINS. AND AS PRESIDENT CARTER STATED IN HIS ADDRESS TO THE UNITED NATIONS MARCH 17, WE WILL "CONSIDER, WITH A POSITIVE AND OPEN ATTITUDE, THE NEGOTIATION OF AGREEMENTS TO STABILIZE COMMODITY PRICES, INCLUDING THE ESTABLISHMENT OF A COMMON FUNDING ARRANGEMENT FOR FINANCING BUFFER

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B4. THIRD, WE WOULD HOPE THAT CIEC MIGHT PROVIDE SOME GENERAL GUIDELINES ON INCREASED ACTIVITY BY THE IBRD AND OTHER INTERNATIONAL INSTITUTIONS IN THE AREAS OF RESOURCE DEVELOPMENT, DIVERSIFICATION AND PRODUCT IMPROVEMENT. WE SHOULD MOVE TO ENSURE THAT THERE ARE ADEQUATE FUNDS AVAILABLE, BOTH PRIVATE AND PUBLIC, FOR INVESTMENT IN THESE AREAS.

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FROM HEAVY DEPENDENCE ON OIL AND GAS TOWARD INCREASED RELIANCE ON MORE PLENTIFUL FOSSIL FUELS AND RENEWABLE SOURCES OF ENERGY.

C2. FURTHER, WE ARE OPTIMISTIC THAT CIEC CAN ADDRESS DIRECTLY THE ENERGY NEEDS OF THE NON-OIL EXPORTING DEVELOPING COUNTRIES FOR WHOM THE COST OF IMPORTED OIL IS NOW A MAJOR CONSTRAINT IN THEIR ECONOMIC DEVELOPMENT. IN PARTICULAR WE WOULD HOPE A GENERAL CONSENSUS COULD BE REACHED ON THE DESIRABILITY OF INCREASED ATTENTION BY THE WORLD BANK GROUP TO THE PROBLEMS OF ENERGY DEVELOPMENT.

C3. WE ARE ALSO PREPARED TO SUPPORT THE ESTABLISHMENT OF AN INTERNATIONAL ENERGY INSTITUTE IF THE DEVELOPING COUNTRIES SHARE OUR VIEW THAT SUCH AN INSTITUTE WOULD BE USEFUL. WE THINK CIEC SHOULD PROVIDE IMPETUS FOR EXPANDED ENERGY R&D COOPERATION.

D1. TRADE. EXPANDED ACCESS TO WORLD MARKETS FOR MANUFACTURED AND SEMI-MANUFACTURED GOODS IS ESSENTIAL FOR AN EXPANDING WORLD ECONOMY AND PARTICULARLY IMPORTANT TO THE CONTINUED ECONOMIC PROGRESS OF A WIDE RANGE OF

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E1. INVESTMENT. CIEC HAS MADE GOOD PROGRESS IN ADDRESSING THE QUESTION OF INTERNATIONAL DIRECT INVESTMENT. THE CONTACT GROUP DOCUMENT ON THIS TOPIC WORKED OUT AT THE NOVEMBER 1976 MEETING INDICATES BROAD AREAS OF AGREEMENT. WE BELIEVE IT CONSTITUTES A GOOD BASIS FOR PROGRESS. IN PARTICULAR, WE PLACE CONSIDERABLE IMPORTANCE ON REACHING A MUTUAL UNDERSTANDING ON THOSE ELEMENTS THAT WILL HELP ESTABLISH A SOUND INVESTMENT CLIMATE. SUCH A CLIMATE SHOULD ENCOURAGE CAPITAL FLOWS WHICH WOULD RAISE PRTDUCTIVITY, EXPAND EMPLOYMENT AND CONTRIBUTE TO ECONOMIC DIVERSIFICATION IN DEVELOPING COUNTRIES.

(FOR KINSHASA: IN VIEW OF PRESENT SITUATION, WE LEAVE IT TO AMBASSADOR'S DISCRETION WHETHER TO MAKE THIS APPROACH.) VANCE UNQTE
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Message Attributes

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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
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From: STATE
Handling Restrictions: n/a
Image Path:
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Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Message ID: 24273e9c-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: CONFIDENTIAL
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Original Previous Classification: n/a
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Secure: OPEN
Status: NATIVE
Subject: U.S. VIEWS ON CIEC
TAGS: ETRD, EGEN, US, CIEC
To: ALGIERS BUENOS AIRES MULTIPLE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/24273e9c-c288-dd11-92da-001cc4696bcc
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